

City of Lincoln
Water Rate Study
Ad Hoc Water Rate Committee Meeting #6
May 22, 2017 3:00 PM

Meeting Notes

I. Introductions

- Present:
 - Jerry Harner (City Treasurer, Team Leader)
 - Hank Lipschitz (Committee Member)
 - Paul Apfel (Committee Member)
 - John Fischer (Committee Member)
 - Chris O’Keefe (Committee Member)
 - Paul Jansen (Committee Member)
 - Mike Miller (Committee Member)
 - Linda Stackpoole (Committee Member)
 - Ted Jones (Committee Member)
 - Sally Van Etten (Consultant)
 - Steve Gagnon (Consultant) – Via Telephone
 - Matt Brower (City Manager)
 - Ray Leftwich (staff)
 - Jennifer Hanson (staff)
 - Jerry Jackson (Public)
 - Lena Labosky (Public)
 - Jessica Booth (Public)

II. Public/Committee Member Comment

- Mark Luster announced that the Chamber of Commerce is hosting the State of the City on Wednesday Morning, May 24, 2017 at Orchard Creek Ballroom, Lincoln Hills.

III. Previous Meeting Summary

- Sally provided and overview of the agenda and a summary of the previous meeting.
- Committee preferred Citywide Volumetric Rate without recovery of 2006 PCWA cost associated with the 351 EDUs of additional unregulated capacity related to the construction of the Phase 3 pipeline.
- It was determined that the extra capacity charge is beyond the original purview of the committee.
- A question was asked regarding what happens if the rate is set too high and produces too much money. Matt Brower indicated that if rate is too high and produces too much revenue it would either be addressed by the City Council through the Annual Budget process and that City Council can make the determination to not implement the next planned increase or could also consider lowering the rates.
- It was explained by Sally that the proposed uniform rate would be for all customer classes.
- Staff explained that it is likely that users that currently use 5,000 gallon or less per month Tier 1 would likely experience an increase of approximately \$60 per year.

- There were many questions regarding the expenses that were included in the variable cost. Sally replied that most of the variable costs were related to the cost of purchasing water through PCWA.
- Ted suggested that the variable costs only include the cost of water and requested that the committee be provided the related information. **(Staff note: The information was provided to the Committee during Meeting #5, Slide # 11 of the presentation).** 37% of the water purchase cost is assigned to the fixed and 63% assigned volumetric.

IV. Review of Zone B EDUs.

- Sally provided a brief review of the current accounting of Zone B EDUs

V. Parking Lot items – Note from RFC: in the interest of time these items were only briefly identified, not discussed.

- Zone B contributions and costs were reviewed
- Zone B R&R calculations were reviewed
- Water connection capacity fund Accounting was reviewed

VI. Committee Recommendations

- 33% Operating Reserve
 - Ted recommended that a 16% (or \$2 Million dollars) reserve be adopted.
 - Sally indicated that the standard is between 25% to 50%
 - Ted made a motion for 25%
 - No one seconded
 - Motion failed
 - Motion made by Hank for 33% Level of Operating Reserve
 - Linda made the second
 - Ted opposed. All others voted in favor
 - Motion passed
- Mid Range of Capital Reserve
 - Ted motioned approval of the mid-range CIP
 - Paul seconded
 - Motion approved
- Rate Structure
 - Linda motioned to approve a single citywide uniform volumetric rate with no zones
 - Ted seconded the motion
 - Unanimous approval of motion
- AMI for Zone B
 - No motion was presented

VI. Next Steps

- Committee's recommendations will be forwarded to Council
- Council will consider the proposed water rate study in a number of City Council Workshops.
- The Proposition 218 Process will be initiated.